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Contents

Analytical Articles

Field Reports

THE CENTRAL ASIA-CAUCASS ANALYST

The Central Asia-Caucasus Analyst is an English-language journal devoted to analysis of the current issues facing Central Asia and the Caucasus. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center. The Editor of the Analyst solicits most articles and field reports, however authors are encouraged to suggest topics for future issues or submit articles and field reports for consideration. Such articles and field reports cannot have been previously published in any form, must be written in English, and must correspond precisely to the format and style of articles and field reports published in The Analyst, described below.

The Analyst aims to provide our industrious and engaged audience with a singular and reliable assessment of events and trends in the region written in an analytical tone rather than a polemical one. *Analyst* articles reflect the fact that we have a diverse international audience. While this should not affect what authors write about or their conclusions, this does affect the tone of articles. Analyst articles focus on a newsworthy topic, engage central issues of the latest breaking news from the region and are backed by solid evidence. Articles should normally be based on local language news sources. Each 1,100-1,500 word analytical article must provide relevant, precise and authoritative background information. It also must offer a sober and analytical judgment of the issue as well as a clinical evaluation of the importance of the event. Authors must cite facts of controversial nature to the Editor who may contact other experts to confirm claims. Since *Analyst* articles are based on solid evidence, rather than rumors or conjecture, they prove to be reliable sources of information on the region. By offering balanced and objective analysis while keeping clear of inflammatory rhetoric, The Analyst does more to inform our international readership on all sides of the issues.

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Submission Guidelines:

Analytical Articles require a three to four sentence Key Issue introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples. The ideal length of analytical articles is between 1,100 and 1,500 words. The articles are structured as follows:

KEY ISSUE: A short 75-word statement of your conclusions about the issue or news event on which the article focuses.

BACKGROUND: 300-450 words of analysis about what has led up to the event or issue and why this issue is critical to the region. Include background information about the views and experiences of the local population.

IMPLICATIONS: 300-450 words of analysis of the ramifications of this event or issue, including where applicable, implications for the local people's future.

CONCLUSIONS: 100-200 words that strongly state your conclusions about the impact of the event or issue.

Field Reports focus on a particular news event and what local people think about the event. Field Reports address the implications the event or activity analyzed for peoples' lives and their communities. Field Reports do not have the rigid structure of Analytical Articles, and are shorter in length, averaging ca. 700-800 words.

Those interested in joining The Analyst's pool of authors to contribute articles, field reports, or contacts of potential writers, please send your CV to: <scornell@jhu.edu> and suggest some topics on which you would like to write.

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TURKMENISTAN POISED FOR TAPI BREAKTHROUGH

Micha'el Tanchum

With the drastic reduction and imminent cessation of Russian imports of natural gas from Turkmenistan, China has become Turkmenistan's sole export market. While welcoming economic cooperation with China, Ashgabat has been working assiduously to avoid undue economic dependence on Beijing. The Turkmen government's new determination to diversify the markets for its natural gas seems to have provided Ashgabat with the motivation to make key concessions for the construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. By creating the first significant overland link with India, the TAPI pipeline project will not only diversify Turkmenistan's gas exports but will permanently alter the pattern of Central Asian connectivity.

BACKGROUND: Following through on its October 2014 announcement that it would cease purchasing natural gas from Turkmenistan, the Russian natural gas giant Gazprom slashed its imports from Turkmenistan by almost two-thirds at the beginning of 2015. In 2003, Turkmenistan's state-owned natural gas company Türkmengaz signed a 25-year agreement with Gazprom for the delivery of 70-80 billion cubic meters (bcm) of Turkmen gas per year to Russia. By 2008, Turkmenistan's gas exports reached 45 bcm. Due to an April 2009 explosion in the Truboprovodnaiia sistema Sredniaia Aziia-Tsentr (Central Asia-Center pipeline system), commonly known as SATS, near the border between Turkmenistan and Uzbekistan, Turkmenistan's natural gas exports to Russia were temporarily halted.

Although the flow of gas via SATS was restored, China exploited the hiatus to develop its own share of Turkmen gas exports. In December 2014, one month prior to the resumption of gas deliveries to Russia, Turkmenistan opened the first section of a pipeline designed to transport 40 bcm per year to China. Construction of the 1,833 km / 1,139 mile pipeline was financed by China National Petroleum Corporation (CNPC). With Russian imports of Turkmen gas falling from 45 to 4 bcm, China has become the only significant export market for Turkmenistan's gas. While Turkmenistan now exports 35 bcm annually to China, the revenues that Ashgabat earns are offset by the debt it owes CNPC for building the China-Turkmenistan pipeline. Without other export outlets, Turkmenistan is at risk of developing a dangerously high level of economic dependence on China. CNPC is the sole service contractor for the second phase of development of Turkmenistan's Galkynysh field, the world's second largest natural gas deposit. The problem was compounded further by the May 2014 signing of the China-Turkmenistan Friendly Cooperation agreement, committing Ashgabat to raise its supply of gas to Beijing to at

least 65 bcm per year via the construction of an additional two pipelines from Turkmenistan to China's Xinjiang province.

(Source: Pixabay.com)

IMPLICATIONS: To diversify its natural gas markets, the formerly reclusive Turkmenistan has reached out to Turkey, Japan, and South Korea to develop projects in Turkmenistan for LNG, Gas-to-Liquids, and the manufacture of fertilizers from natural gas. However, Turkmenistan's best immediate hope for export diversification is the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project. The TAPI pipeline is slated to transport 33 bcm of natural gas, roughly matching Turkmenistan's current exports to China. By transporting gas from Turkmenistan's Galkynysh field to the neighboring South Asia region, TAPI will help provide stability to energy-starved Afghanistan and Pakistan as well as helping to meet the Indian economy's own skyrocketing demand. TAPI will transport 14 million standard cubic meters a day (mmscmd) of natural gas to Afghanistan, while India and Pakistan will each receive 38 mmscmd.

However, the US$ 10 billion "Peace Pipeline" designed to promote regional cooperation will have to traverse a dangerous route before reaching India, passing through Afghanistan's Kandahar province and the neighboring Quetta region of Pakistan, traditionally the heartland of Taliban militancy. Because of the risk involved, progress on TAPI has stalled. The Asian Development Bank (ADB), which assumed the role of transaction advisor to facilitate the construction of the pipeline, estimates that the delays have raised the cost of the project by US$ 2.5 billion to its current US$ 10 billion price tag. In October 2014, the ADB commissioned a feasibility study for the TAPI pipeline project as part of its effort to establish a consortium that would construct the pipeline by 2018. At the TAPI Steering Committee meeting held in November 2014 in Ashgabat, representatives from the four nations and the ADB agreed to an accelerated timetable for completion of the pipeline. Pending selection of a consortium leader, construction could begin in 2015 and the pipeline could be operational by 2018.

Yet the selection of a consortium leader has proven to be TAPI's main stumbling block. U.S. oil majors Chevron and Exxon Mobil initially expressed interest in the role. However, owing to Turkmenistani law, which precludes the private ownership of land, both companies withdrew from consideration after Ashgabat's refusal to issue an equity stake in the Galkynysh field in exchange for assuming the risk of construction. Total S.A., after Chevron and ExxonMobil's withdrawal, was considered the leading candidate. Still, the recent February 11, 2015 TAPI

steering committee held in Islamabad failed to select the French energy giant as consortium leader.

According to news reports coming from Pakistan and Afghanistan, the TAPI principals planned to select a consortium leader at the special TAPI summit meeting held in the Afghan capital Kabul on March 15. In his remarks following the meeting, Sartaj Aziz, adviser to Pakistan's Prime Minister on National Security and Foreign Affairs, stated that a breakthrough is expected on the TAPI pipeline project by the end of 2015. Without providing details but promising that the issue of pricing will be finalized soon, Aziz declared that most of the issues were settled at the Kabul meeting and a leading financing entity had agreed to finance the project.

In addition to Total, Russia's Rostec and CNPC are also being considered for the project. Yet, according to a recent Indian press report from a newspaper known for its links to India's ruling BJP, two consortiums may be established for the TAPI project. One will be a joint venture between the Turkmenistan government and Total for Galkynysh's upstream operations while Total would serve as consortium leader with Russia's Rostec and CNPC for the pipeline construction. If true, this suggests that Turkmenistan has opted to arrive at a breakthrough by offering Total a sufficient profit share in the gas field to warrant its assumption of the risk of the pipeline construction while Turkmenistan technically will retain legal ownership of the land. Such a solution could come in the form of a modified Technical Services Contract that would give Total the first right of refusal over gas extracted from Galkynysh. The participation of Rostec and CNPC as consortium partners for the construction of the pipeline under Total's leadership would also constitute a savvy move by Ashgabat to mollify Moscow and Beijing as Turkmenistan stands on the threshold of developing new connectivity with New Delhi.

CONCLUSIONS: Turkmenistan's President Gurbanguly Berdimuhammedov has committed his government to raise foreign investment in Turkmenistan's energy sector to achieve his goal of doubling Turkmenistan's natural gas production by 2020 on the way to achieving an annual production rate of 250 bcm by 2030. The construction of the TAPI pipeline and the development of India as an export market for Turkmenistan would constitute an important breakthrough toward Turkmenistan's ambitious energy production and export goals. In addition to moving Turkmenistan closer to realizing its objective of becoming an energy exporting economic tiger, the TAPI pipeline will also change the regional diplomacy of Central Asia through the establishment of connectivity with India. The success of a trans-national Central Asia-to-India pipeline would certainly spur the expansion of current efforts to create road and rail transportation connectivity between Central Asia and India. With such connectivity, India would be able to deepen its bilateral economic partnerships with the Central Asian

republics and become a major player in the emerging Eurasian regional architecture, creating the possibility of new alliance formations that would help ensure that Central Asia would not become subject to some form of Sino-Russian joint hegemony.

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NEMTSOV'S ASSASINATION AND THE CHECHEN TRACE

Emil Souleimanov

After the murder on February 27 of Russian opposition leader Boris Nemtsov, a group of Chechens allegedly led by a former kadyrovets, have become the main suspects of the ongoing investigation. Whatever the outcome of the trial, the "Chechen factor" in general and Ramzan Kadyrov's increasing role in Russia's internal and external affairs in particular, seem to establish a pattern that could leave an imprint on Russian politics for years to come.

BACKGROUND: Immediately after Nemtsov's murder, the prosecutors came up with a number of "hot" traces – including the "Muslim" one. Aside from theories on Nemtsov's assassination based on jealousy, his business activities, and involving Ukrainian ultra-rightists or Russian volunteers returning from the Donbas battlefield, a main direction of the investigation focused on the "Muslim" or North Caucasian trace. According to this theory, Nemtsov might have been murdered by Muslims who resented his positive stance on the cartoons published by Charlie Hebdo, a French satirical magazine that was attacked in early January due to its repeated publication of caricatures depicting Prophet Muhammad.

Soon thereafter, a group of Chechens was arrested – in Chechnya and in neighboring Ingushetia. Among them was Zaur Dadayev, former deputy commander of the battalion Sever (North). Interestingly, this battalion, established in 2004, has been formally subordinated to the Ministry of Interior, yet is de facto subordinated to the Chechnya's strongman Kadyrov through its commander Alibek Delimkhanov. He is the brother of Adam Delimkhanov, in turn Kadyrov's cousin, right hand, and declared successor, and a member of the Russian parliament for United Russia.

Dadayev, a *kadyrovets* with many years of experience in fighting the local insurgency, initially confessed to murdering Nemtsov because of his criticism of Islam and Kadyrov. But his alleged accomplice, Anzor Gubashev, has vehemently denied any involvement in the murder. Kadyrov has intervened, calling Dadayev a "true Russian patriot," a "brave warrior," and a "strong believer," who was greatly offended by Nemtsov's support for the anti-Islamic cartoons. Soon, Dadayev withdrew his confession, stating that it was forced upon him by the investigators through torture.

On March 10, *Moskovskiy komsomolets*, a leading Russian daily, published leaked evidence – pictures of the alleged murderers including Dadayev, in a car that was spotted in the place of the incident, close to the Red Square. According to the daily, the Chechens had been following Nemtsov since fall 2014, that is, long before the office of Charlie Hebdo was targeted. While this information may be untrue,

it is notable that a day after the publication of this information, the investigators paid a surprising visit to the apartment of Eva Merkacheva, co-author of the leaked materials and additional texts critical of the official version, accusing her of illicitly visiting the arrested Dadayev a few days before. According to the chief editor of *Moskovskiy komsomolets*, Pavel Gusev, the investigators "tried to explain what and how she should write in the newspaper."

(Source: Wikimedia Commons)

IMPLICATIONS: Regardless whether the information on Chechen involvement in Nemtsov's murder is ultimately substantiated, it is highly unlikely that they could have surveilled Nemtsov without being detected by Russian secret services. According to independent observers, Nemtsov – along with other key Russia-based opposition leaders – has been under constant surveillance by dozens of Russian secret service agents. The prospect of a "color revolution" in Russia has been a nightmare for Russian elites for years, and Nemtsov – along with Alexander Navalny – belonged to the most prominent figures of the Russian opposition movement, who never hesitated to criticize the regime or to use hard facts in his criticism. Importantly, he was perhaps the only charismatic leader who had first-hand experience of high-ranking managerial positions in Russian authorities. Because regime-controlled media routinely reproaches opposition leaders for their lack of knowledge and experience of governance – in sharp contrast to Putin and his associates – Nemtsov's past position as first deputy prime minister in the pre-Putin era was unique. From time to time, the secret services leaked information on Nemtsov's private life to the media in an apparent effort to compromise him.

It is indeed very unlikely that the alleged Chechen assassins – or any alien group – could have surveilled and plotted to attack Nemtsov without being detected by the secret service agents in charge of keeping a 24/7 eye on him. In addition, according to some observers, the assassination itself would have required months of preparation given its perfect timing and impudence in the immediate vicinity of the Kremlin, one of the most densely surveilled areas in the world. Of course, unless the attackers were collaborating with the secret services or surveillance was lifted at the immediate time of Nemtsov's assassination.

Also, if the version centered on the arrested Chechens as the assassins is to be taken seriously, it is very unlikely that they worked on their own, without Kadyrov's prior knowledge or consent. In fact, *kadyrovtsy* are reputed for their loyalty to the Kadyrov clan in general and to Kadyrov himself in particular. According to insiders, *kadyrovtsy* are known to retaliate for incautious

remarks, let alone questionable actions, in Kadyrov's direction by beating or killing the offenders. There have also been cases of *kadyrovtsy* and their relatives being punished in exactly the same brutal way.

Dadayev, a former and experienced *kadyrovets*, must have been aware of the fatal repercussions for himself or his relatives for an unsanctioned assassination of such a key figure of the Russian opposition. Moreover, Dadayev seems to lack personal motivation to target Nemtsov. Nemtsov never criticized Islam; nor did he support the Muhammad cartoons. Rather, he expressed solidarity with the French magazine's right to free speech, similarly to Vladimir Putin and a number of other Russian politicians. According to Dadayev's mother and some people in Chechnya who have known him, he has never been a particularly strong believer. In addition, unlike for example Anna Politkovskaya, Nemtsov never focused on Kadyrov or Chechnya.

CONCLUSIONS: An additional possibility is that Nemtsov could have been targeted by Kadyrov as a favor to Putin – without Putin's consent. Yet this version also appears shaky. In fact, Kadyrov is existentially dependent on Putin for the survival of his regime, as well as his personal survival, as Chechnya depends on money transfers from Moscow and Kadyrov and his clan members are in a latent blood feud with hundreds, perhaps even thousands of locals (see the 12/10/14 issue of the CACI Analyst). Kadyrov has been extremely circumspect not to alienate Putin. For instance, he even downplayed the responsibility of Soviet authorities for deporting Chechens, and did his best not to raise the topic during the Sochi Olympic Games, being aware of the sensitivity of the deportations in Chechnya, and of the Olympics for Putin. Kadyrov has used every single opportunity – including the ongoing Ukraine crisis and the incessant paranoia in the Russian elite of "color scenarios" – to express his unlimited personal loyalty to Putin, styling himself as a guardian of Russia's internal unity against the country's rediscovered "fifth column" or a devout Russian patriot in defense of Russians in Ukraine and Russian interests elsewhere (see the 10/15/14 issue of the CACI Analyst). Against this backdrop, the likelihood that Kadyrov, a smart and prudent politician with a sense of context – despite his unsophisticated appearance – would risk instigating and organizing the perhaps most vociferous political assassination in Russia in recent times is quite low. Of course, unless the "Dadayev trace" was forged deliberately to divert attention at the initial – key for the course of the investigation – stage of the manhunt.

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Ethnopolitical Conflict: Karabakh, Abkhazia, and South Ossetia Wars Reconsidered (Palgrave Macmillan, 2013), and *An Endless War: The Russian-Chechen Conflict in Perspective* (Peter Lang, 2007).

RUSSIA TO STRIP ABKHAZIA AND SOUTH OSSETIA OF THEIR LIMITED SOVEREIGNTY

Valerly Dzutsev

Russia has moved to sign an agreement with South Ossetia, emulating a similar, earlier agreement with Abkhazia. Moscow proposes to eliminate border controls with the two de facto states and essentially annex them in exchange for financial incentives. Despite their inherent weakness, political forces exist in both territories that oppose covert annexation to their large neighbor. Most recently, South Ossetia's parliament and government clashed over how closely the territory should integrate with Russia. Authorities in Abkhazia and South Ossetia seek to reassure their disgruntled citizens that their countries will retain sovereignty although this aim now appears more illusory than ever.

BACKGROUND: On February 23, the Russian government approved the agreement on Alliance and Integration between the Russian Federation and South Ossetia. The document will come into force after Russia's president Vladimir Putin and South Ossetia's president Leonid Tibilov sign it, and it is ratified by the respective parliaments. The agreement follows a similar agreement signed by the governments of Abkhazia and Russia in November 2014. The two agreements have also followed similar political trajectories. The initial draft proposed by Moscow was leaked to the public and rejected by influential political actors in South Ossetia. The eventual agreements made some concessions to the Abkhaz and the South Ossetian leaderships, but paved way for a gradual erosion of their authority.

On March 13, South Ossetia's parliament announced a vote of non-confidence in the Minister of Foreign Affairs of the self-proclaimed republic, David Sanakoev, accusing Sanakoev of emasculating the agreement with Russia. The new version does not go far enough to integrate South Ossetia with Russia, the parliament argues. But even within parliament, only the ruling party condemned the government and the fringe parties either opposed the non-confidence vote or refrained from voting. Putin and Tibilov were expected to sign the agreement on March 11, but due to the "disappearance" of the Russian president, it was postponed until March 18. At this time, the signing of the agreement depends only on Putin's ability to resume his normal functioning as head of state.

Moscow recognized Georgia's breakaway territories, Abkhazia and South Ossetia, as independent states in August 2008, soon after the short war with Georgia. Yet relations between the Georgian breakaway territories and Moscow have been surprisingly controversial, given their total dependence on Russia for security and economic survival. In November 2011,

South Ossetians voted in favor of Alla Jioeva in the presidential elections against Moscow's candidate, Anatoly Bibilov, despite his earlier handshake with Russia's then president Dmitry Medvedev and other promotional acts by Moscow. After Moscow's interference, the election results were annulled. Leonid Tibilov, an ex-KGB officer, was elected president of South Ossetia in 2012. However, even Tibilov has had repeated conflicts with Moscow, resulting in temporary halts of Russia's financial assistance.

(Source: Kremlin.ru)

Abkhazia's president Alexander Ankvab also had an uneasy relationship with Moscow. For example, the Abkhaz government has repeatedly stalled Russia's efforts to make inroads into Abkhazia's lucrative real estate business. In May 2014, crowds of protesters unseated president Ankvab and Moscow's favorite leader of Abkhazia Raul Khajimba assumed power. As with Bibilov in South Ossetia, Moscow supported Khajimba in Abkhazia's 2004 presidential elections and lost. Almost simultaneously with the change of government in Abkhazia, South Ossetia's largest political party, lavishly subsidized by Russia and led by the failed presidential candidate Anatoly Bibilov, won 20 out of 34 seats in parliament in June 2014.

IMPLICATIONS: After the political groundwork was laid, the Russian government proposed to sign an agreement with Abkhazia that would effectively make the republic part of Russia, though Moscow formally still recognized its "sovereignty." Abkhazia managed to receive a better deal after some haggling, but Russia's aim still appears to be the same – to annex this territory in practice, while continually recognizing it as "independent." On February 16, Putin's influential aide Vladislav Surkov again reiterated that borders between Abkhazia and Russia should be abolished. Surkov said that the agreement signed in November 2014 envisaged the removal of border controls. The Abkhaz government, however, has some reservations about eliminating border controls due to the small Abkhaz nation's demographic vulnerability and fears of being taken over by its large neighbor to the north.

South Ossetia is evidently much more inclined than Abkhazia to join Russia, partly because kin Ossetians reside in North Ossetia on the northern slopes of the Greater Caucasus Mountain Ridge. Another motive is the fact that South Ossetia is a small and poor territory with highly limited avenues for economic development. The speaker of South Ossetia's parliament, Bibilov, is especially vocal in promoting annexation to Russia. However, also in South Ossetia, opposition exists toward arrangements that will imply further loss of the *de facto* republic's already

limited rights to self-governance. The current agreement between South Ossetia and Russia leaves few prospects for South Ossetian political independence.

The agreement's Article 2, Chapter 2 proposes that "certain units of the armed forces and security forces of Republic of South Ossetia will become part of the armed forces and security forces of the Russian Federation." In the context of South Ossetian realities, this means that far better financed and equipped Russian military forces will drain South Ossetia's own military, effectively depriving the republic of its own armed forces.

Article 4 of the agreement envisions a "coordination center" that appears aimed at taking over important functions of South Ossetia's police. Article 5 proclaims the merger of South Ossetia's and Russia's customs services, in effect announcing the end of the South Ossetian government's border control responsibilities. The border between South Ossetia and Russia will be declared open, while controls on the border between South Ossetia and Georgia are expected to become much more rigid. South Ossetia is obliged to sync its domestic legislation with Russian law.

The Georgian government, along with its western allies, has protested Russia's latest moves, but the West's focus on the crisis in Ukraine limits its attention to the Caucasus. Georgia's economic woes and ongoing attempts to improve relations with Russia have also dampened Tbilisi's reaction. Part of the reason for Georgia's halfhearted reaction is the recent developments do not seem to change much from Georgia's perspective, since both breakaway territories are anyway deemed to be under Russia's control. However, tighter Russian control over Abkhazia and South Ossetia will make them more docile to Russia's plans in the region, most importantly with regard to Georgia and its pro-Western orientation.

In one demonstration how the regions can be utilized for increasing pressure on Georgia, a group of Ossetian nationalists declared that Ossetian-populated areas in Georgia's Kazbegi municipality, like the Truso mountain gorge and areas around the village of Kobi, should be ceded to South Ossetia or North Ossetia. Georgian authorities responded by banning some of the Ossetian activists from visiting their homes in the area. Moscow does not seem keen to exploit these grievances at this point in time, but could activate them at a convenient moment.

CONCLUSIONS: The Russian government moves quickly to further restrict the limited political autonomy of Abkhazia and South Ossetia, targeting the armed forces, border controls, police and legislative frameworks of the tiny territories. If Russia's absorption of its micro-allies is perceived as hostile, this will further damage its standing among other post-Soviet countries. Russia's neighbors are likely to learn not only from the war in Ukraine, but also from the way Russia that treats Abkhazia and South Ossetia. This sets an example for how other

states that align too close with Russia will likely be treated.

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ARMENIA'S RULING PARTY CONSOLIDATES POWER

Armen Grigoryan

Armenia's parliamentary opposition suffered a serious blow as the government managed to disrupt the cooperation that the Prosperous Armenia Party (PAP) and the Armenian National Congress (ANC) had built since 2011. Further atomization of the opposition and consolidation of the regime has become more likely. The regime can also strengthen its position in the context of a protracted dispute with Turkey concerning the Armenian genocide in the Ottoman Empire and its consequences. As a concomitant result, no compromise leading to a breakthrough in negotiations on the Nagorno-Karabakh issue should be expected.

BACKGROUND: At the PAP assembly on February 5, the party's founder and sponsor Gagik Tsarukyan, who used to avoid open criticism of President Serzh Sargsyan, made a sharply critical statement and announced that his party together with its partners would demand extraordinary presidential and parliamentary elections unless the planned constitution reform was canceled. Two days later, after a PAP activist was brutally beaten (following assaults on other opposition members, including ANC's vice chairman, MP Aram Manukyan), PAP accused the ruling Republican Party of Armenia (RPA) and threatened a parliamentary boycott. On February 9, Tsarukyan led a large group of PAP faction MPs on a two-day visit to Moscow, including meetings at several standing committees of the Russian State Duma, with a group of members of the United Russia party faction, and other Russian politicians. Tsarukyan even invited Vladimir Zhirinovsky to visit Armenia on April 24 to commemorate the 100th anniversary of the Armenian genocide.

On February 12, Sargsyan responded with a personal attack against Tsarukyan. At a televised meeting with the RPA parliamentary faction, government members, and party officials, Sargsyan called Tsarukyan a "menace," "evil," and "illiterate ... not capable of understanding what he is given to read" (meaning Tsarukyan's statement on February 5). Sargsyan instructed the tax service and the police to start inspections of Tsarukyan's businesses and alleged illicit activities, and also asked the National Assembly leadership to strip Tsarukyan of his parliamentary mandate as he had not attended most of the parliamentary sessions in the previous year. By a presidential decree Tsarukyan was also dismissed from the National Security Council.

The day after Sargsyan's diatribe, the police started apprehending some of Tsarukyan's associates; nearly 20 of them, including some MPs, were harassed and subjected to raids on businesses and house searches. Tsarukyan expressed anger and an intention to challenge Sargsyan, and called for nonstop rallies, marches and

demonstrations, aiming at widespread civil disobedience and Sargsyan's resignation. After Tsarukyan's consultation with leaders of the ANC and the Heritage Party, they made a joint statement about a demonstration on February 20.

However, mediation by two Armenian businessmen based in Russia led to a meeting between Sargsyan and Tsarukyan on February 17. Tsarukyan then announced that the planned demonstration would be cancelled, stating that "there is no goal that may justify spilling even one innocent man's blood." After Tsarukyan's decision to call off mass protests, the police actions against his supporters were suspended; however, the audit of his businesses is ongoing.

(Source: News.am)

IMPLICATIONS: Tsarukyan's visit to Moscow was seemingly the last drop for Sargsyan, prompting rapid actions to subdue the annoyance posed by the recent stance of PAP and reflecting Sargsyan's intention to settle the matter quickly in order to concentrate on acute issues in Armenia's foreign affairs.

On February 16, at the peak of the confrontation, Sargsyan announced that the Armenian-Turkish protocols would be withdrawn from the parliament, where they had been awaiting ratification for nearly five years. Sargsyan justified his decision by "Turkish authorities' continuous attempts to articulate preconditions" and "the intensified policy of denialism and history revision on the eve of the genocide centennial." The Armenian-Turkish relations will be widely discussed over the next two months, and Sargsyan will enjoy the support of the Armenian Revolutionary Federation Dashnaktsutyun (ARF) – party that has traditionally built its ideology on anti-Turkish rhetoric, as well as a large fraction of the Diaspora.

Sargsyan is also motivated by a need to secure Russian support by showing power and determination. Despite PAP's and ANC's pro-Russian attitude, their demonstrations in October 2014 and the intention to stage mass protests starting from February 20 received overwhelmingly negative coverage in the Russian media, as all mass protests in satellite states are viewed in Russia as a potential threat that may supposedly lead to another "color revolution."

Sargsyan also likely decided to end the confrontation with Tsarukyan as soon as possible to avoid questions on this matter during the visit of U.S. Assistant Secretary of State Victoria Nuland on February 18. In general, pro-government media downplayed the significance of Nuland's visit and focused on criticizing the U.S. policy, as Nuland urged Armenia to influence the *de facto* authorities of Nagorno-Karabakh to release Azerbaijani prisoners Dilham Askerov and Shahbaz

Guliyev, who have been sentenced on charges of subversive activity and murder. However, media avoided mentioning that Russia's Foreign Minister Sergei Lavrov had earlier expressed a similar request, more recently sustained by another senior official of Russia's Foreign Ministry, Alexander Lukashevich.

Most importantly, the handling of Tsarukyan allowed Sargsyan to undermine the political opposition and to secure his own position as well as that of the RPA. After Tsarukyan's decision not to stage mass protests, the ANC's demonstration on March 1 (the anniversary of the tragic events in 2008, when police attacked demonstrators demanding a revision of the election results, killing ten) had a small turnout. The ANC leadership therefore decided to abstain from further actions until April 24, referring to a need to analyze the situation and to adopt a new strategy. Yet the most likely reason is a very low possibility of mass mobilization, especially as the ANC will not have access to Tsarukyan's financial resources and television. Also, ANC's ability to form new alliances seems almost non-existent. The prolonged ill-mannered row between the ANC leadership and former supporters, many of whom left the party after the 2011 decision to cooperate with the PAP, has become even more intense in recent months: the ANC is accused of serving Russia's interests and, in turn, alleges its opponents of collaboration with President Sargsyan.

PAP's future significance in Armenian politics is in doubt. After Sargsyan's verbal attack on Tsarukyan, eleven of Prosperous Armenia's 36 MPs have left the parliamentary faction. At the party congress on March 5, Tsarukyan himself announced his decision to leave the party and withdraw from politics, and immediately asked the newly elected party council to empty the office premises belonging to him. Former foreign minister Vartan Oskanian and several city mayors followed Tsarukyan, and PAP's further disintegration seems inevitable.

CONCLUSIONS: The outcome of Tsarukyan's confrontation with Sargsyan showed that there is virtually no chance that any large business owner, or "oligarch," will support a meaningful opposition campaign any time soon. In Tsarukyan's case, the non-transparent origins of his assets made him even more vulnerable, so he backed off in order to keep his assets and personal security. In fact, a number of observers and former members of the ANC have repeatedly warned that such an outcome was likely, but party leaders and their loyal followers not only dismissed such warnings but also labeled skeptics as "sellouts" serving President Sargsyan's interests.

While two years still remain until the next elections, the RPA will seek to keep its political monopoly intact, aiming to restore the two-third parliamentary majority it used to have before 2012. At the same time, a protracted foreign policy dispute with Turkey seems to become the new trend. Not only the withdrawal of the Armenian-Turkish protocols, but also the contents of the government-

supported declaration on the 100th anniversary of the genocide and the rapprochement with the ARF, increase the likelihood of such a development.

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KYRGYZ CRIME BOSS MURDERED IN MINSK

Arslan Sabyrbekov

On February 18, the body of well-known Kyrgyz crime boss Almanbet Anapiyaev was found in a car in Minsk, Belarus, where the country's former ruling Bakiev clan fled after the 2010 uprising in Kyrgyzstan.

Anapiyaev showed up on Interpol's wanted list as a leader of organized crime in 2011. The Kyrgyz Ministry of Interior has accused him of a number of crimes of varying severity, ranging from instigating ethnic violence in southern Kyrgyzstan to killing the former head of the of the ousted president's administration Medet Sadyrkulov. During former President Kurmanbek Bakiev's reign, Anapiyaev even served as head of the country's wrestling federation and supported the stability of the regime by criminal means. Until his murder in Minsk, Anapiyaev was supposedly residing in United Arab Emirates.

A few days after Anapiyaev's murder, his associate and body guard Gulzhigit Abdulazizov arrived in Bishkek from Minsk and voluntarily surrendered to the authorities, saying that his life was in danger. He also claimed that he had witnessed the murder and remembered the killers. During the interrogation, Abdulazizov was given photos of his associate's potential killers and recognized two men, the former president's brother and head of the state bodyguard's service Zhanyshbek Bakiev, and Aibek Abdrazakov, a former high official in the Kyrgyz Ministry of Interior. Kyrgyz investigators also included a picture of Kazakhstan's Minister for Culture and Sport Arystanbek Mukhamediuly among the suspects, in the belief that the former resembles the former Kyrgyz president's brother. Upon Kazakhstan's demand for an explanation, the Kyrgyz Ministry of Interior recently sent an official excuse to Kazakhstan's Ministry of Culture and Sport.

Following Anapiyaev's murder in Minsk, Kyrgyzstan's President Almazbek Atambayev publicly criticized and accused Belarus of sheltering the Bakiev family. In his words, "the witness' testimony leaves no doubt that the brother of the ousted president and his team killed Anapiyaev in a lively area of Minsk." The Kyrgyz President's speech was full of emotional language: "Who else do the Bakievs have to murder before Belarusian authorities will see the cannibalistic nature of the family? Those monsters will shed blood anywhere, where they are, including in Belarus, which gave them shelter." The next day, Minsk issued an equally unfriendly statement noting that "these kinds of overheated emotional statements cannot come out of a civilized country's leader, the constitution and laws in any modern country guarantee that nobody can be called guilty of any crime until his or her guilt is proven by a court's verdict. However, taking into account a series of trials in absentia that were held in Kyrgyzstan, one can say that this

country has its own specific approach to justice." The Belarusian Foreign Ministry has also criticized Bishkek for being incapable of giving due protection to its own citizens.

For several years, Bishkek has repeatedly demanded from Minsk to extradite the Bakievs to Kyrgyzstan to face multiple criminal charges. The Kyrgyz courts have sentenced former president Bakiev and his brother in absentia to life imprisonment for killing protestors during the April 2010 events and for their involvement in organizing ethnic clashes in June 2010. In turn, Minsk prefers to ignore these demands and has already provided the ousted Kyrgyz president with Belarusian citizenship. After the Ukrainian Euromaidan in 2014, Belarusian President Lukashenko also expressed his readiness to provide shelter for the deposed President Yanukovych, but the former preferred to stay in Russia instead. On February 27, dozens of protestors rallied outside Belarus's Embassy in Bishkek, demanding the extradition of the Bakiev brothers. The protestors were holding posters reading "The Bakievs are murderers" and "Belarus, Stop giving shelter to criminals."

According to local experts, Anapiyaev may simply have been killed as a result of a conflict between various criminal groups striving to control drug traffic in the country. However, Kyrgyzstan's leadership places all the blame on the Bakievs and seems satisfied with taking advantage of a remote public enemy in its domestic political machinations, making the episode timely especially in light of the upcoming parliamentary elections this autumn.

The author writes in his personal capacity. The views expressed are his own and do not represent the views of the organization for which he works.

GEORGIA FACES ECONOMIC CRISIS

Eka Janashia

Georgia's national currency, GEL (Lari) has lost 29 percent of its value against the US$ since November last year and, after a brief recovery, has continued depreciation until present. On February 24, the GEL saw its largest drop reflected in a single-day 3 percent fall. The Government pledged to present a "currency stabilization plan" for March 5 but failed to match the vow.

The implications of Georgia's currency devaluation have become a major provenance for political speculation, public discontent, and concerns among domestic and foreign businesses.

Until the end of February, the government's economic team kept calm regarding the depreciation of the GEL, largely echoing former Prime Minister Bidzina Ivanishvili's assertion that he was completely satisfied with the work of the government and the National Bank of Georgia (NBG), instead linking the currency devaluation to external factors. "Nothing special is happening, the Lari is doing very well," he claimed in January.

However, in response to public concerns after the GEL lost 3 percent of its value in a single day on February 24, Ivanishvili blamed the head of NBG Giorgi Kadagidze for idleness. "Kadagidze, who was appointed by the United National Movement [in 2009], led us to the crisis of the national currency with his inaction and wrong decisions" since under the constitution, the president of NBG is responsible for preventing undesirable developments, Ivanishvili said. After this statement, some ministers and the GD ruling coalition representatives also began disparaging the NBG's work.

Kadagidze refused to engage in political debates but in response termed the GD attacks a "deliberate slanderous campaign against NBG" and reminded the public about the chronology of the events.

In 2013, Kadagidze warned the government that the projected 6 percent growth was overoptimistic and suggested a downward revision. Indeed, economic growth that year amounted to only 3.1 percent, half of what the government intended to achieve.

Kadagidze insisted that he also advised the government to avoid uneven spending from the state budget as it would increase pressure on the currency's exchange rate, which in late 2013 resulted in an NBG intervention by selling several hundred million US$ at the exchange market, resulting in a decline of the country's foreign reserves from US$ 3.1 billion in October, 2013, to US$ 2.82 billion by the end of 2013.

At that time, the intervention was justified as a one-time measure, whereas the current GEL depreciation is caused by the economy's overall failure as foreign currency inflows have plunged since 2013, Kadagidze claimed.

Georgian exports fell by 30 percent and remittances by 23 percent year on year in January. In addition, the number of

tourists shrunk by 7.8 percent in January-February compared to the same period last year. In effect, the account deficit reached 9.5 percent of GDP in 2014. Kadagidze argues that filling the deficit with foreign currency reserves is "counterproductive and fruitless."

In cooperation with the Government and the NBG, the Analytic Mission of the International Monetary Fund (IMF) studied Georgia's macro-economic indicators in light of the recent economic hardship. A concluding statement lists a set of external factors such as the ongoing crisis in Ukraine; the growing recession in Russia; and currency devaluations in trading partner countries as reasons for Georgia's slowing economy. Economic growth for this year could reach only 2 percent, instead of the previously estimated 5 percent, and even this projection is under the risk, the mission said.

As a countermeasure, the IMF suggested restrictions in administrative spending and increases of specific taxes in order to eschew a further upsurge of the budget deficit. At the same time, the IMF fully supported NBG's policy of limited intervention in the foreign exchange market, arguing that its primary task is to maintain price stability in the country and while fulfilling this mission the independence of NBG "should be preserved and respected."

In the wake of this statement, the Georgian government vowed to reduce administrative costs and pursue a so called "tighten belts" policy. Moreover, it declared its intention to ramp up the privatization process with an aim to raise US$ 300-350 million within the next two-three months.

To this end, the government plans to sell state assets – the historical buildings of the Economy Ministry and NBG in downtown Tbilisi, government residences in Adjara and near the capital city, and shares in thermal power plants and the National Lottery Company.

Nevertheless, some economic experts and opposition political parties argue that one-time investments cannot recover the ailing economy. The former president of NBG, Roman Gotsiridze, argues that enlarged social expenses, agricultural loans, and healthcare projects make the state budget inflexible. The budget expenditure should be reduced by at least GEL 300 million, otherwise the national currency will continue to depreciate and prices will rise, which will completely destroy the country's economy.

The United National Movement (UNM) and Free Democrats, two parliamentary opposition parties, blamed the government for lacking a clear vision how to get the country out of the crisis. UNM plans to organize a protest rally in Tbilisi on March 21 to demand the government's resignation.

It is obvious that, after GD came into power, the country's economic policy has been less resilient to external shocks and the government has been unable to elaborate timely and cogent policies to mitigate the adversary external impact on the economy. The government's poor economic

performance encourages protest actions from opposition parties though the anticipated political turbulence could well be exploited also by radical pro-Russian parties.

TAJIKISTAN'S ELECTIONS EXPEL OPPOSITION FROM PARLIAMENT

Oleg Salimov

Tajikistan held parliamentary elections on March 1. Eight political parties participated, including the National Democratic Party of Tajikistan, Islamic Renaissance Party of Tajikistan, Communist Party of Tajikistan, Agrarian Party, Socialist Party, Social-Democratic Party, Economic Reforms Party, and Democratic Party. The predictable outcome of the elections was the sweeping victory of the National Democratic Party (NDPT) with 65.2 percent of votes. Alongside NDPT, the newly elected parliament will include the Agrarian Party, the Economic Reforms Party and the Socialist Party.

Two opposition parties, the Islamic Renaissance Party (IRPT) and the Communist Party, failed to reach the five percent threshold for entering parliament. It is the first time in Tajikistan's political history that the Communist Party was voted out of parliament. The Islamic Renaissance Party made its previously most unsuccessful elections in 2005, when it received only two seats in parliament and refused to acknowledge the election results.

Soon after Tajikistan's Central Election Committee (CEC) announced the voting tally, IRPT leader Mukhiddin Kabiri and Communist Party leader Shodi Shabdolov disavowed the official election results. According to the CEC, IRPT gained only 1.5 percent and the Communist Party 2.3 percent of the votes. In the most recent elections in 2010, IRPT received 7.74 percent and the Communists 7.22 percent, respectively. In 2005, the Communists gained as much as 20.63 percent and the IRPT 7.48 percent. While refusing to recognize the results of elections, which they consider falsified, both opposition leaders emphasized that they would refrain from public protests for the sake of peace and stability in the republic.

The failure to conduct fair, open, and democratic parliamentary elections in Tajikistan was also reported by observers from the Organization for Security and Cooperation in Europe (OSCE). OSCE observers recorded numerous violations of the voting process, including multiple voting, voting ballots provided without confirmed identification, and an unreliable and untrustworthy vote counting process. Overall, observers noted the orchestrated character of the elections with the Tajik government exercising oversight and control of the entire process.

Besides violations on Election Day, the OSCE observers also described other abuses against the opposition in the months preceding the elections. In particular, opposition parties were deprived of fair media coverage and unable to present and explain their political platform to the public and, more importantly, frequent government persecution of opposition representatives by the government. In

Tajikistan's previous parliamentary elections as well as presidential elections, the OSCE issued similar statements of unfair treatment of the opposition and undemocratic nature of the election process.

Reports of election fraud were issued also by other local and international organizations. In an official letter prior to March 1, Reporters without Borders asked the Tajik government to respect the freedom of speech and refrain from pressuring journalists reporting on the elections. Representatives of IRPT in Tajikistan's southern regions, where the party commonly draws its widest support, reported violations similar to those registered by OSCE observers. The CEC rejected the allegations from the OSCE and opposition parties, noting a high turnout attendance and a lack of complains from the public.

At the same time, the observer mission from the Commonwealth of Independent States (CIS) recognized the elections as satisfying democratic norms and standards. Although acknowledging some violations, the CIS observers considered them minor and not decisive to the election process and results. Overall, the CIS observers praised the successful organization and conduct of the election process. The contrast between assessments issued by the OSCE and CIS observers was similar during Tajikistan's previous parliamentary elections.

Election Day was also marked by a country-wide disruption of cellular service. All but one of Tajikistan's major cellular companies blocked access to SMS services. According to company representatives, the disruption was the result of temporary technical difficulties. Limitations to cellular and internet services are common in Tajikistan ahead of major political events. The most recent was reported on October 10, 2014, prior to an anti-government protest action planned by "Group 24."

The newly elected Tajik parliament can be considered fully pro-government. Agrarian Party, the second largest in parliament, openly positions itself as a partner and supporter of the ruling NDPT. The entry of other political parties, like Economic Reforms Party and Socialist Party, to parliament effectively ousted the actual opposition formed by the Communists and IRPT, creating an illusory counterbalance to Rakhmon's NDPT.

ARMENIA TO PARTICIPATE IN BAKU 2015 EUROPEAN GAMES

Mina Muradova

The mediators in peace talks over a settlement of the Nagorno-Karabakh conflict have welcomed Armenia's decision to participate in the first-ever European Games that will be hosted by Azerbaijan this summer. At the same time, shootings along the frontline and the military rhetoric of official Baku and Yerevan continue.

Starting on June 12, Baku will host a major multi-sport event for 17 days, which will bring together over 6,000 athletes from 50 countries of the European continent.

On March 11, the Executive Committee of Armenia's National Olympic Committee (NOCA) officially announced its final decision. The country expects to compete in sambo, shooting, judo, wrestling, boxing, and taekwondo.

Fierce tensions have existed between Azerbaijan and Armenia ever since the two countries received independence in 1991 over ownership of Nagorno-Karabakh, a landlocked region in the South Caucasus, located within Azerbaijan's internationally recognized borders. Although the two sides signed a cease-fire agreement in 1994, the latest clashes along the frontline and military rhetoric are intensifying on both sides. Monitors say the 2014 death toll of about 60 people was the worst for 20 years, while the nature of the confrontation on the front line is becoming more dangerous due to attacks not only by snipers, but also by helicopters and artillery.

Armenia's and Azerbaijan's Presidents Serzh Sargsyan and Ilham Aliyev met on three occasions last fall made no progress toward a lasting peace settlement. According to OSCE Chairman in office, Serbian FM Ivica Dačić "... acts of violence increased after these meetings, and the political process weakened." While politicians are looking for diplomatic solutions, the sports community looks to make its own contribution in establishing trust between sides.

Armenia will participate in in the inaugural European Games next year, claimed Patrick Hickey, President of the European Olympic Committees (EOC) last November, when Armenia's Olympic Committee took part in 43rd EOC General Assembly in Baku. It has taken much mediation to find a solution to allow Armenian participation in the Baku 2015 European Games.

Following a visit of Hickey with the International Olympic Committee President Thomas Bach to Armenia last year, a solution have been found and the problems between the two countries will not lead to a boycott. The recent confirmation is a major coup for the EOC and the organizers less than three months before the European Games.

"We are very pleased to confirm our participation in the first European Games," NOCA President Gagik Tsarukyan said in a statement. "We know that Armenian athletes will have the best possible facilities and support available to them at Baku 2015, helping them reach their peak performance this summer. I can say now that this was the best decision for the future of sport in our country ... My Executive Board took this decision based on sporting reasons alone; it is important to keep sport independent from politics, he noted.

The U.S. Co-chair of the OSCE Minsk Group James Warlick posted on Twitter: "Good news that Armenian athletes will compete in the European games in Baku. Hope Azerbaijan will welcome the decision." The decision was also welcomed by France.

However, the decision of Armenia's NOC has been hotly contested between the Olympic Committee chiefs and some leaders of the country's sports federations, who have opposed the idea of participating in the games to be held in Azerbaijan from June 12-28. "There's no need for our athletes to go to Baku," Levon Julfalakyan, the head coach of Armenia's Greek-Roman wrestling team said. "They will never get a fair deal for their performances in Azerbaijan." His statement was backed by Armenia's gymnastics head Albert Azaryan. "Regardless of our athletes' performance they will never be given a chance to win in Baku by any means," he said. "Armenia has a difficult relationship with Azerbaijan and the trip to Baku could become a pretty risky affair."

Meanwhile, the organizers of the European Games have already given security guarantees for the members of Armenia's delegation during the event. "We invite all 50 countries to take part in first European Games. We guarantee that all necessary conditions will be created. Azerbaijan will ensure security at a high level for all participants of Baku 2015," stated Azad Rahimov, Azerbaijan's Minister of Youth and Sport.

Azerbaijan's military authorities also intend to take additional precautions during the events. "Azerbaijan will give a harsh response to any provocation of Armenia before and during the first European games, Vagif Dergyahly, a spokesperson of the Azerbaijani Defense Ministry told Trend on Thursday. He did not rule out that Armenia, on the eve of Baku 2015, will try to "aggravate the situation on the frontline."